Manitoba

# Annual Report
## The Year Ended June 30, 2002

## The Public Schools Finance Board

Includes 15% post-consumer waste

103-02740/

Manitoba

# Annual Report
# The Year Ended June 30, 2002

## The Public Schools Finance Board

Includes 10% post-consumer waste

MINISTER OF EDUCATION AND YOUTH

Room 168
Legislative Building
Winnipeg, Manitoba R3C 0V8
CANADA

To His Honour
Peter Liba, C.M.
Lieutenant-Governor of Manitoba

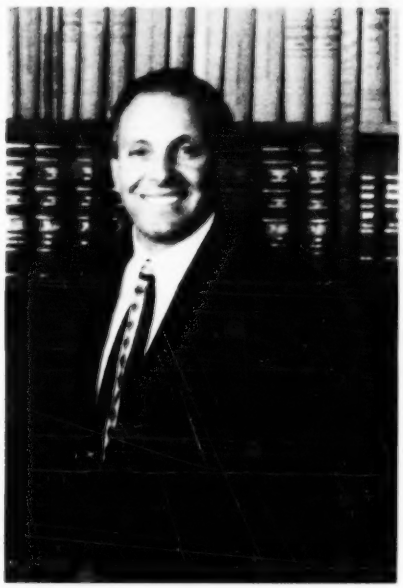
May It Please Your Honour:

I present herewith the annual report of the Public Schools Finance Board for the fiscal year ending June 30, 2002.

Sincerely,

R Lemieux

Honourable Ron Lemieux



# Manitoba

**Education and Training**

Public Schools Finance Board

506 - 1181 Portage Avenue
Winnipeg, Manitoba, CANADA
R3G 0T3
Fax No.: (204) 948-2001

December 9, 2002

The Honourable Ron Lemieux
Minister of Education and Youth
168 Legislative Building
450 Broadway
Winnipeg, Manitoba R3C 0V8

Dear Sir:

Pursuant to Section 13 of The Public Schools Finance Board Act, on behalf of The Public Schools Finance Board, I have the honour of submitting the attached document for your review and consideration.

This annual report of The Public Schools Finance Board is for a twelve-month period ending June 30, 2002.

Yours sincerely,

Ben Zaidman
Chair
Public Schools Finance Board

MAJOR CAPITAL CONSTRUCTION PROJECTS
Approved during July 2001 - June 2002

| School Division/School | Project |
|---|---|
| Frontier | |
| Duke of Marlborough | addition and renovations |
| Seven Oaks | |
| West Kildonan Collegiate | addition and renovations |
| Southwest Horizon | |
| Deloraine Collegiate | addition and renovations |

*Office of the Auditor General*

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

# AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the balance sheet of The Public Schools Finance Board as at June 30, 2002 and the statement of revenue and expenditure and education support fund for the year then ended. These financial statements reflect the education program costs administered through the Public Schools Finance Board and the funding provided for this program from the Department of Education and Youth and from municipal corporations. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
October 9, 2002

## PUBLIC SCHOOLS FINANCE BOARD

## MANAGEMENT REPORT

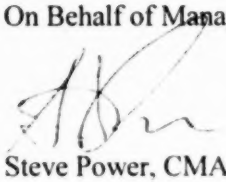
The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to October 23, 2002. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information. These internal controls also provide for the safeguarding of the Board's assets.

The responsibility of the Auditor General and his staff is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The Board has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

On Behalf of Management



Steve Power, CMA

## THE PUBLIC SCHOOLS FINANCE BOARD

### Balance Sheet

### As at June 30, 2002

| | 2002 | 2001 |
|---|---|---|
| | (in thousands of dollars) | |
| **ASSETS** | | |
| Cash | $ 2,312 | $ 2,643 |
| Funds on deposit with the Province of Manitoba | 180 | 145 |
| Accounts Receivable: | | |
| Province of Manitoba | 4,018 | 15,703 |
| Municipal corporations - education support levy | 120,902 | 124,670 |
| Other | 236 | 857 |
| | **$ 127,648** | **$ 144,018** |
| **LIABILITIES AND EDUCATION SUPPORT FUND** | | |
| Support payable to school divisions | $ 2,789 | $ 4,265 |
| Accrued interest | 1,114 | 2,554 |
| Notes payable on demand, at bank prime, Province of Manitoba | 121,074 | 135,257 |
| Other payables | 120 | 102 |
| | **125,097** | **142,178** |
| Education Support Fund | **2,551** | **1,840** |
| | **$ 127,648** | **$ 144,018** |

## THE PUBLIC SCHOOLS FINANCE BOARD

## Statement of Revenue and Expenditure and Education Support Fund for the year ended June 30, 2002

| | 2002 | 2001 |
|---|---|---|
| | (in thousands of dollars) | |
| **Revenue:** | | |
| Province of Manitoba Schools Finance Program | $ 600,859 | $ 597,901 |
| Municipal corporations, education support levy | 203,881 | 206,157 |
| Sale of school properties and miscellaneous revenue | 3 | 8 |
| | **804,743** | **804,066** |
| **Expenditure:** | | |
| Operational support program (Note 3) | 735,969 | 730,602 |
| Capital support program (Note 4) | 64,616 | 67,231 |
| Administrative and other expenses (Note 5) | 3,447 | 5,929 |
| | **804,032** | **803,762** |
| **Excess of revenue over expenditure** | **711** | **304** |
| Education Support Fund | | |
| Balance, beginning of year | 1,840 | 1,536 |
| Balance, end of year | $ **2,551** | $ **1,840** |

## THE PUBLIC SCHOOLS FINANCE BOARD

### Statement of Cash Flows

### for the year ended June 30, 2002

| | 2002 | 2001 |
|---|---|---|
| | (in thousands of dollars) | |
| Cash Flow Provided by (Used in) Operating Activities: | | |
| Excess of revenue over expenditure for the year | $ 711 | $ 304 |
| Changes in working capital: | | |
| Province of Manitoba receivable | 11,685 | (893) |
| Education Support Levy receivable | 3,768 | (2,428) |
| Other receivables | 621 | 1,530 |
| Support payable to school divisions | (1,476) | (344) |
| Accrued interest | (1,440) | 193 |
| Notes payable | (14,183) | 2,574 |
| Other payables | 18 | (2) |
| Net Increase/(Decrease) in Cash for the Year | (296) | 934 |
| Cash - Beginning of Year | 2,788 | 1,854 |
| Cash - End of Year | **$ 2,492** | **$ 2,788** |
| Consisting of: | | |
| Cash | 2,312 | 2,643 |
| Funds on Deposit with Province of Manitoba | 180 | 145 |
| | **$ 2,492** | **$ 2,788** |

# THE PUBLIC SCHOOLS FINANCE BOARD

## Notes to the Financial Statements

## As at June 30, 2002

### 1. Nature of the Board's Operations

The Public Schools Finance Board was established by the Public Schools Finance Board Act in April, 1967.

The Board is responsible for receiving all monies paid to the Education Support Fund for the financing of public schooling in Manitoba. It administers the Capital Support Program including the determination and the disbursement of all capital grants provided to Manitoba school divisions under the Program. The Board also issues payments to Manitoba school divisions under the Operational Support Program in amounts as determined by the Minister of Education and Youth.

The Public Schools Act and its Regulations govern the Education Support Fund.

### 2. Significant Accounting Policies

(a) The accounts of the Board are maintained in accordance with Canadian generally accepted accounting principles, except for the debt servicing support, which is expensed on a cash basis.

(b) The education support levy is assessed against municipal corporations on a calendar year basis. The Board applied 40% of the 2001 levy to the July to December period and 60% of the 2002 levy to the January to June period.

(c) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

(d) The carrying amounts of short-term financial assets and liabilities are a reasonable estimate of the fair value because of the short period to maturity of those instruments.

### 3. Operational Support Program

| | 2002 | 2001 |
|---|---|---|
| | (in thousands of dollars) | |
| Support for Recognized Expenditures | $ 377,457 | $ 387,550 |
| Occupancy | 77,811 | 76,401 |
| Level I - Special needs | 44,745 | 44,029 |
| Counselling and Guidance | 9,307 | 9,315 |
| Library Services | 15,769 | 16,161 |
| Professional Development | 5,702 | 5,253 |
| Transportation | 38,025 | 37,237 |
| Board and Room | 861 | 808 |
| Special Needs | 57,935 | 53,867 |
| Technology (Vocational) Education | 7,553 | 7,455 |
| English as a Second Language | 2,518 | 2,575 |
| English Language Enrichment for Native Students | 5,528 | 5,158 |
| Heritage Language | 239 | 220 |
| French Language Programs / Instruction | 5,657 | 5,184 |
| Programme d'accueil | 330 | 330 |
| Small Schools | 1,907 | 1,947 |
| Curricular Materials | 8,849 | 9,156 |
| Students at Risk | 12,209 | 11,179 |
| Early Identification | 249 | 249 |
| Increasing/Decreasing Enrolment | 1,399 | 2,657 |
| Remoteness Allowance | 2,852 | 2,340 |
| Red River Technical Vocational Coordinator | 0 | 55 |
| New School | 0 | 135 |
| Supplementary Support | 41,583 | 34,399 |
| Early Literacy Intervention | 5,689 | 5,689 |
| Information Technology | 7,079 | 7,457 |
| Early Behaviour Intervention | 2,000 | 2,000 |
| Early Childhood Development Initiative | 559 | 0 |
| Day's Schools Closed | (6) | 0 |
| Adjustment of previous years' support to school divisions from estimated to actual | 47 | (331) |
| Miscellaneous (Pipeline) | (84) | (72) |
| Vocational Equipment Replacement | 2,200 | 2,200 |
| | **$ 735,969** | **$ 730,602** |

## 4. Capital Support Program

| | 2002 | 2001 |
|---|---|---|
| | (in thousands of dollars) | |
| Debt Servicing | $ 59,326 | $ 57,383 |
| Other Capital Projects | 5,290 | 9,848 |
| | $ 64,616 | $ 67,231 |

As at June 30, 2002 the approved outstanding debenture debt of school divisions was $421,584,031 (2001 - $395,910,565). The Board has not, however, assumed legal liability related to the repayment of such long-term debt and, therefore, this amount is not reflected in the financial statements.

During the course of the year, school divisions raised an additional $50,055,000 to finance capital expenditures (2001 - $45,952,000) by the issuance of debentures purchased by the Minister of Finance.

## 5. Administrative and other expenses

| | 2002 | 2001 |
|---|---|---|
| | (in thousands of dollars) | |
| **Board Administration:** | | |
| Board members' indemnities | $ 84 | $ 76 |
| Staff salaries | 618 | 566 |
| Professional services | 60 | 114 |
| Service Agreement | 169 | 169 |
| Meetings and travel | 44 | 50 |
| Printing, stationery, postage and supplies | 42 | 41 |
| Desktop Management | 40 | 42 |
| Computers, software and minor equipment | 6 | 4 |
| Telephone and fax | 11 | 12 |
| Rent | 36 | 36 |
| **Total Board Administration Expenses** | 1,110 | 1,110 |
| **Interest charges on notes payable to the Province of Manitoba** | 2,337 | 4,819 |
| | $ 3,447 | $ 5,929 |

## 6. Commitments

As at June 30, 2002, the Board had commitments of $998,895 (2001 - $806,898). The amount of $998,895 as at June 30, 2002 (2001 - $806,898) is committed from the Education Support Fund Balance. Effective with the 2001/2002 year, structural projects (formerly part of the cash program) became part of the debentured capital program.

## 7. Related Party Transactions

The Board is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporation. The Board enters into transactions with these entities in the normal course of business.

## 8. Pension Costs and Obligations

The Board's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, the Board reflects no provision in the financial statements relating to its participation in the pension plan.